Ontario

Ontario Energy Board
2017 to 2020 Business Plan

INTRODUCTION AND EXECUTIVE SUMMARY

Introduction

This 2017-2020 Business Plan continues with the strategic directions established in the OEB's last two business plans. It has been prepared in accordance with the *Agencies & Appointments Directive* (*AAD*).

The *AAD* sets out specific requirements regarding the matters that must be addressed in the plan. Accordingly, key additions to the current plan include a summary of changes to the OEB's mandate, a comprehensive environmental scan regarding the broader policy and industry context within which the OEB operates, further details regarding the programs and activities that the OEB will undertake over the planning period, an indication of the implementation tools that the OEB will use in respect of those programs and activities, and the details of any OEB program initiatives involving third parties and of the metrics that the OEB will use to measure its own performance.

The June 2016 *Guide to Developing Business Plans for Provincial Agencies* permits agencies such as the OEB to determine the order of the business plan elements required by the *AAD*. In the 2017-2020 Business Plan, the OEB has ordered those elements in a manner that, in its view, best presents and explains the OEB's mandate, operating environment, strategic direction, and programs and activities. In particular, the OEB concluded that it was useful to combine the "programs and activities" and "implementation plan" elements required by the *AAD*.

Executive Summary

The OEB's business plan for the next three years is designed to promote the OEB's mandate. The OEB oversees the Province's electricity and natural gas sectors through effective, fair and transparent regulation and in accordance with the objectives set out in the governing statutory framework.

In developing the current plan, the OEB has identified and considered key trends and issues in the broader operating environment. In particular, the OEB has considered:

- developments in legislation and public policy that affect the OEB's mandate and work, including developments in the areas of climate change, energy system planning and energy pricing;
- recent developments within the electricity and natural gas sectors, including the recent changes in ownership and consolidation of distributors and transmitters;
- changes in consumer expectations regarding the OEB and the entities it regulates, including an increasing consumer focus on prices and costs within the sector; and

- technological innovation that presents new choices for consumers and challenges traditional business and regulatory models.

Many of these trends and issues are not new. Indeed, many of them guided the development of the four Strategic Directions set out in the OEB's business plan from the prior three-year planning period:

- Empowering consumers;
- Enhancing utility performance;
- Enabling access to competitive energy choices; and
- Enhancing regulatory effectiveness.

The OEB's work over the next three years will continue to focus on these same four Strategic Directions.

In accordance with those four Strategic Directions, the OEB's programs and activities over the next three years will include initiatives in a wide range of areas, with particular emphasis on consumer education and engagement, measures to enhance utility performance, the regulatory implications of the changing dynamics of the energy sector, and the implementation of the Climate Change Action Plan and the new Long Term Energy Plan.

The OEB is confident that it has the resources needed to undertake these programs and activities. Those resources include a team of expert staff and Board Members, the financial resources provided through the 2017-2020 budget, and the significant contribution made by stakeholders and intervenors through the OEB's adjudicative and policy consultation processes.

The OEB has adopted a range of measures to address and mitigate the risks the OEB may encounter in carrying out the programs and activities identified in this business plan. The two highest risks affecting the OEB's ability to carry out those programs and activities are Government Policy and Oversight and Cyber-security. This assessment reflects:

- the significant and ongoing legislative and policy development activity in the energy sector, and

- the recognition that the breadth of the OEB's programs and activities is strongly dependent on the integrity of the information systems used by the OEB and third parties.

The OEB has developed a comprehensive plan to communicate more effectively with key audiences, particularly energy consumers. That plan will be implemented during 2017. A significant component of that plan will focus on educating Ontario energy consumers about their rights and about the work of the OEB.

MANDATE AND VISION

The OEB's Mandate

The Ontario Energy Board oversees the Province's electricity and natural gas sectors through effective, fair and transparent regulation and in accordance with the objectives set out in the governing statutory framework. That mandate is established by the provincial government and is embodied in legislation, regulation and directives. The OEB's mission is to promote a viable, sustainable and efficient energy sector that serves the public interest and assists consumers to obtain reliable energy services that are cost effective.

The OEB has regulated the natural gas sector since 1960 and the electricity sector since 1999. Our work includes:

- Setting gas and electricity rates and prices;
- Monitoring the financial and operating performance of natural gas and electrical utilities;
- Providing consumers with the information they need to better understand energy matters;
- Protecting energy consumers' interests;
- Facilitating energy conservation and efficiency; and
- Developing regulatory policy to meet emerging energy trends and challenges.

The OEB's Vision

- The OEB regulates the electricity and natural gas sectors in a manner that focuses on outcomes that are valued by consumers.
- Energy consumers have the information they need to understand the value they receive for their expenditures on energy and to make choices regarding their own use of energy.
- Under the OEB's regulatory framework, distributors, transmitters and other regulated entities invest and operate in a manner that increases efficiency and encourages innovation, and that provides consumers with a reliable energy supply at a reasonable cost.
- The OEB's own processes are efficient and effective and are understood by and accessible to all persons.

ENVIRONMENTAL SCAN

The OEB's business plan for the next three years is designed to promote the Mandate and Vision set out above. In developing the current plan, the OEB has identified and considered key trends and issues in the broader operating environment. In particular, the OEB has considered:

- developments in legislation and public policy that affect the OEB's mandate and work, including developments in the areas of climate change, energy system planning and energy pricing;
- recent developments within the electricity and natural gas sectors, including the recent changes in ownership and consolidation of distributors and transmitters;
- changes in consumer expectations regarding the OEB and the entities it regulates, including an increasing consumer focus on prices and costs within the sector; and
- technological innovation that presents new choices for consumers and challenges traditional business and regulatory models.

Many of these trends and issues are not new. Indeed, many of them guided the development of the strategic directions set out in the OEB's business plan from the prior three-year planning period.

Recent Legislation and Requests for Advice

The OEB and the entities it regulates operate within a legal framework established by legislation, as amended from time to time. In several instances, recent legislation has directly impacted the OEB's mandate. In other instances, recent legislation has altered the broader regulatory environment within which utilities and other regulated entities carry on business. Even though these broader changes may not expressly address the OEB, they nonetheless raise important matters that the OEB must consider and address in the fulfillment of its mandate.

Recent legislation affecting the OEB and the entities it regulates include the following:

Building Ontario Up Act (Budget Measures), 2015 (Bill 91):

- Framework for the Ontario Electricity Support Program to be implemented by the OEB
- Framework for the Hydro One IPO

Strengthening Consumer Protection and Electricity Oversight Act, 2015 (Bill 112):

- Establishes a new OEB objective to educate consumers
- Amends the *Energy Consumer Protection Act* to provide new consumer protection measures in the retail energy sector
- Expands the range of utility mergers and acquisitions that require OEB approval
- New rules regarding the designation of new transmission facilities as "priority projects"
- New rules regarding the businesses which an electricity LDC may conduct, subject to OEB approval
- Repeal of restrictions governing the business activities of affiliates of municipally-owned LDCs
- New statutory duties for officers and directors of electricity transmitters and distributors

Energy Statute Law Amendment Act, 2016 (Bill 135):

- Amends *Electricity Act* to provide new framework for transmission procurement and long-term energy plans
- New role for the OEB, if directed, to develop an implementation plan regarding the long-term energy plan in respect of matters within the OEB's jurisdiction

Climate Change Mitigation and Low-carbon Economy Act, 2016 (Bill 172):

- Framework for the new cap and trade system
- Framework for the measures in the Climate Change Action Plan

Ontario Rebate for Electricity Consumers Act, 2016 (Bill 13):

- Authorizes bill rebates for certain electricity consumers by means of an 8 per cent reduction on the amount otherwise payable before tax

Protecting Vulnerable Energy Consumers Act, 2017 (Bill 95):

- Strengthens the OEB's authority regarding disconnections by electricity and natural gas distributors
- Confirms that the OEB can ban the disconnection of low- volume consumers during certain periods

During 2016, the Minister made two requests for advice from the OEB in accordance with section 35 of the *Ontario Energy Board Act, 1998*. Those requests are as follows:

- Request dated June 27, 2016 requiring the OEB to examine and report on an appropriate rate (or rate assistance) for on-reserve First Nations electricity consumers

- Request dated November 9, 2016 requiring the OEB to examine and report on matters relating to retail transportation fuel prices.

Developments in Public Policy

The legislation and two requests for advice outlined above reflect the direction of public policy in Ontario. Three areas of recent focus in public policy warrant particular attention: measures to address climate change, the initiation of a new long-term energy planning process, and a heightened concern about the impact of energy prices on consumers.

Climate Change Action Plan

Ontario's Climate Change Action Plan sets out ambitious greenhouse gas (GHG) reduction targets for the Province. The centerpiece of the Action Plan is a new cap-and-trade system, to be implemented in conjunction with California and Quebec within the Western Climate Initiative. That cap-and-trade system will be implemented as of January 1, 2017.

The proceeds from the periodic auction of allowances under the cap-and-trade system will be used to fund a range of "complementary measures" designed to reduce GHG emissions. The Action Plan outlines "complementary measures" that the government will undertake in eight key areas, namely: Transportation, Buildings & Homes, Land Use Planning, Industry & Business, Indigenous Communities, Research & Development, Government, and Agriculture & Forests. Complementary measures may include incentives for electric vehicles, investment in electric-powered mass transit, improvements in energy efficiency, a renewable content standard for natural gas, investment in innovation in the clean-tech sector, the connection of remote communities to the grid, and the displacement of diesel in indigenous communities.

Given the design and implementation schedule for the Ontario cap-and-trade system, compliance obligations will fall in the first instance on fossil fuel distributors, including the three natural gas distributors whose rates are regulated by the OEB. These compliance obligations will ensure that the price or carbon is reflected in the "all in" gas costs paid by Ontario natural gas consumers.

During 2016, the OEB developed the regulatory framework to govern the recovery of the costs incurred by natural gas distributors in meeting the requirements under the new cap-and-trade program. Going forward, the OEB will review the compliance plans

submitted by the natural gas distributors and monitor the implementation of this new regulatory framework.

Over the longer term, the impact of the Climate Change Action Plan will be felt throughout the broader energy sector, including the electricity distributors regulated by the OEB. Those impacts could be significant and complex. For instance, the accelerated deployment of distributed energy technologies, electric vehicles and electric-powered mass transit, together with increased investments in energy efficiency, could impact utility operations, demand forecasts, and system planning. Both the OEB and the entities it regulates will need to monitor – and, indeed, anticipate – these impacts.

New Long Term Energy Plan

The Climate Change Action Plan is a key input in the development of the new Long Term Energy Plan. The government initiated the development of the new LTEP in 2016 in accordance with the amendments to the *Electricity Act* noted above.

A key objective of the new LTEP is to broaden focus beyond electricity to include a consideration of the role of other fuels (such as natural gas, propane, gasoline, oil, diesel, and biofuels). Accordingly, the development of the LTEP is proceeding on the basis of an *Ontario Planning Outlook* prepared by the Independent Electricity System Operator and a *Fuels Technical Report* prepared for the Ministry of Energy. Those reports assess a range of scenarios regarding the demand for electricity and fuels over the 20-year period up to 2035. For electricity, those scenarios include a "low demand" scenario in which demand declines below current levels, a "flat growth" scenario is which the Province has sufficient capacity to meet future demand, and "high demand" scenarios in which the Province will need additional resources as a consequence of electrification in transportation, in heating and cooling, and in other processes.

The Ministry of Energy has initiated a consultation process inviting stakeholders and interested parties to provide input on a range of topics, including gas distribution, microgrids, electricity and natural gas transmission development, energy storage, innovation and economic development, and conservation and energy efficiency. The OEB has participated in this consultation process as an observer, in recognition of the importance of the new LTEP - and the underlying analytical work - for the OEB's own work as a utility regulator.

It is currently anticipated that the new LTEP will be released publicly in 2017. At that time, the Minister may issue a directive to the OEB setting out the government's requirements regarding the implementation of the new LTEP in respect of matters within the OEB's jurisdiction.

Energy Prices

The price of energy services remains a key consideration for Ontario energy consumers, policy makers and the OEB itself. As indicated below, the pricing trends continue to be very different in the electricity and natural gas sectors.

The continuing public concern about electricity prices has spurred the government to adopt a number of measures to mitigate price levels and avoid future increases. Recently adopted measures include the implementation of the OESP for qualifying low income consumers, the implementation of the 8 per cent electricity bill rebate, and the deferral of a number of large projects and procurement programs.

This concern about electricity prices is expected to continue during the three year planning period. It will continue to be a key consideration for the OEB in the exercise of its mandate.

Developments in the Sector

Electricity Sector

The reports of both the *Distribution Sector Review Panel* (2012) and the *Premier's Advisory Panel on Government Assets* (2015) highlighted how consolidation in the electricity distribution sector can facilitate efficiencies and cost savings for the benefit of consumers and equip the sector to adjust to the very different energy world outlined further below.

Indeed, one of the most striking developments during 2016 has been the level of M&A activity in the Ontario energy sector. The electricity sector has seen the sale of approximately 30 per cent of Hydro One to retail and institutional investors, the merger among four large distributors in the GTHA (approved by the OEB in December 2016), and the agreement by Hydro One to purchase Orillia Power (currently before the OEB), and the purchase by Hydro One of Great Lakes Transmission LP (approved by the OEB in October 2016).

Public reports indicate that several other distributors and their municipal shareholders are assessing sale and merger options. The recent reduction or elimination of the transfer tax applicable to sales or mergers outside the municipal distribution sector expires at the end of 2018. This factor may influence the timing of potential transactions.

Natural Gas Sector

The ongoing consolidation in the electricity sector has been paralleled by M&A activity in the natural gas sector. First, in September 2016, Enbridge Inc. and Spectra Energy Corp., the corporate parents of the two largest gas distributors regulated by the OEB, announced their proposal to merge. That merger was completed in late February 2017. Public reports indicate that the two Ontario gas distributors intend to continue

operating as separate utilities. Second, in November 2016, EPCOR Utilities Inc., a utility holding company owned by the City of Edmonton, announced the agreement to purchase, subject to OEB approval, Natural Resource Gas Limited, a gas distributor headquartered in the Town of Aylmer.

In November 2016, the OEB released its decision in the generic proceeding regarding the expansion of natural gas distribution in Ontario. The decision affirmed the principle that the expansion of natural gas system should not be subsidized by existing customers and that new customers should bear the costs of such expansion through rate structures, including stand-alone rates, that reflect those costs. A gas distributor seeking to serve a new community must bear the risk that the rates applicable to customers in that community do not recover those costs. These principles will apply to all future applications by gas distributors regarding system expansion to new communities. It is anticipated that these principles will facilitate both the rational expansion of gas distribution in Ontario and the competition among incumbent distributors and new entrants regarding the provision of gas distribution services to new communities.

With respect to natural gas supply, the April 2016 *Staff Report to the Board on the 2015 Natural Gas Market Review* noted that Ontario has continued to "pivot" strongly from Western Canada to the Eastern US (particularly the Marcellus and Utica basins) sources of supply. The report also noted the uncertainty among stakeholders regarding the impact on the Ontario market of factors such as the expansion of pipeline capacity from the Northeast US into Ontario, the impact of potential environmental restrictions on shale gas production, and the impact of the new cap and trade program (and any other carbon pricing mechanisms) on Ontario demand. The next Natural Gas Market Forum is scheduled for 2017.

Technology and Innovation

Electricity Sector

The pace of technological change underway in the electricity sector has been well canvased in a growing body of literature from academic institutions, think tanks, industry associations, and regulatory agencies. For instance:

- Improvements in the cost and performance of distributed energy resources, including solar photovoltaic systems, may accelerate the adoption of such technologies and create new opportunities for on-site generation.
- New uses for electricity – including electric vehicles – could increase demands on the power system.
- Both grid-connected and distributed storage technologies may also achieve a breakthrough in the near term that promotes broader adoption.
- The development of microgrids, incorporating distributed energy and storage resources, may enable customers, groups of customers or communities to "island" themselves within or from the larger power grid.

- New information and communication technologies give system operators new capabilities for the management of networks, generation and loads.

These developments are already a key consideration in a number of OEB initiatives, including the ongoing assessment of possible changes to the Regulated Price Plan for low-volume customers, the implementation of "smarter" distribution rates for low-volume customers, the initiative to develop "smarter" distribution rates and related charges for larger volume customers, and increased oversight of cybersecurity measures in the distribution sector.

These issues are by no means unique to Ontario. Regulators in other jurisdictions, such as California, Minnesota and, perhaps most importantly, New York are addressing similar issues. A common theme among regulators is the need to remain focused on the position of the consumer. In the case of Ontario, the OEB Chair has emphasized that when "considering how to best address the evolution of the sector and the future role of the utility, we want to stay true to our values and make sure the customer stays as the focus".

Natural Gas Sector

The technological developments underway in the electricity sector are paralleled by innovation in the natural gas sector. Two innovations that are particularly noteworthy in the Ontario context are, first, the use of LNG as a fuel in the transportation sector and, second, the development of renewable natural gas as a potential source of supply for Ontario gas distributors. Both of these technologies are identified in the Climate Change Action Plan and the *Conservation First* framework as areas warranting further development. The OEB's *Demand Side Management Framework for Natural Gas Distributors* (2015-2020) and the OEB's *Regulatory Framework for the Assessment of costs of Natural Gas Utilities Cap and Trade Activities* acknowledge these emerging developments.

STRATEGIC DIRECTIONS

The OEB's work over the next three years will continue to focus on the four objectives or Strategic Directions set out in the OEB's last two business plans. Those Strategic Directions are:

- Empowering consumers;
- Enhancing utility performance;
- Enabling access to competitive energy choices; and
- Enhancing regulatory effectiveness.

"***Empowering consumers***" reflects the OEB's consumer centric approach to regulation. It aims to equip consumers with the tools and information they need to make informed choices about energy matters, and to provide consumers with a meaningful opportunity to participate in and influence decisions.

"Enhancing utility performance" reflects the OEB's commitment in ensuring that utilities are delivering cost effective, reliable and responsive services to consumers. It seeks to enable and encourage utilities to undertake better planning, optimize investment decisions, and prioritize and pace expenditures to better manage impacts on consumers.

"Enabling access to competitive energy choices" mirrors the OEB's commitment to ensuring that its regulatory policies and processes reflect the significant technological and other changes underway in the energy sector and that this evolution proceeds in a manner that reflects the OEB's public interest and consumer protection mandates.

"Enhancing regulatory effectiveness" embodies the OEB's commitment to the principles of continuous improvement philosophy in all aspects of its work as a regulator. It aims to ensure that its policies, processes, proceedings, and decisions are accessible, proportionate, objective, and deliver outcomes that are in the public interest.

These Strategic Directions have guided the OEB to a number of key achievements over the past year, including:

- The launch of the Ontario Energy Support Program for low-income electricity consumers

- Thirteen "community information" meetings that gave consumers the opportunity to ask questions and make presentations about pending rate applications affecting their communities

- The increasing use of the new Consumer Panel to support and inform the development of regulatory policy initiatives

- The development of a Consumer Charter

- The development and implementation of new consumer protection measures in accordance with OEB's *Consumers Come First* report and the recent amendments to the *Energy Consumer Protection Act,* including the ban on door-to-door sales

- The publication of a new *Handbook for Utility Rate Applications* that sets out the key principles and expectations that the OEB will apply when reviewing electricity and natural gas utility rate applications

- The publication of a new *Handbook to Electricity Distributor and Transmitter Consolidations* that provides guidance to applicants and stakeholders regarding applications for approval of mergers, acquisitions and divestitures and subsequent rate applications

- The implementation of new reporting requirements regarding system reliability in the electricity distribution sector

- The development of the regulatory framework to govern the recovery of the costs incurred by natural gas distributors in meeting the requirements under the new cap and trade program

- The development of new guidelines for the expansion of natural gas distribution systems to new communities

- The completion of the study of the potential for conservation in the natural gas sector.

These achievements confirm that the Strategic Directions remain sufficiently robust to guide the OEB's programs and activities over the next three year planning period.

PROGRAMS AND ACTIVITIES – OVERVIEW & IMPLEMENTATION PLAN

Set out below is a summary of the key programs and activities that the OEB will undertake in respect of each of the four Strategic Directions during the three-year planning period. That summary sets out the timetable for each program and activity over the three-year planning period. It also indicates the implementation tools that the OEB anticipates using in respect of each program or activity.

Empowering Consumers

As noted in prior business plans, the OEB has adopted a much more consumer-centric approach to regulation. This new approach is aimed at enhancing the level of energy literacy among consumers by equipping them with the tools and information they need to make informed choices about energy matters. Consumer-centric regulation also means providing a meaningful opportunity for consumers to participate in, and influence decisions that impact them.

The OEB has already taken significant steps to improve the accessibility by consumers to our adjudicative processes, particularly through community meetings, and to engage consumers more actively in our policy development processes, particularly through the use of the new Consumer Panel.

We have also taken important steps to implement new measures to protect consumers and to reaffirm their rights regarding service standards, fair treatment and complaints.

In this planning period, we will continue with the implementation of the initiatives identified in the last business plan.

Key Programs & Activities

Consumer Outreach: Continue to enhance the way in which the OEB engages with and educates consumers about the energy sector, the rights and choices consumers enjoy, and the work of the OEB.

FY 2017/18 - Continue and expand the OEB's program of public outreach throughout the Province, and implement a public affairs campaign designed to educate consumers regarding the mandate and work of the OEB and about their rights and choices as consumers.

FY 2018/19 - Continue with the initiatives outlined above; monitor and assess effectiveness

FY 2019/20 - Continue with the initiatives outlined above; monitor and assess effectiveness

Implementation Tools – community meetings, focus groups, Consumer Panel, website, social media

Consumer Representation in Decision Making: Continue to enhance the opportunities for consumers to access and participate in the OEB's adjudicative proceedings and policy development processes.

FY 2017/18 – Continue and expand the program of community meetings and launch an initiative to hold OEB hearings in the communities affected.

FY 2018/19 – Continue and expand the program of community meetings and expand the initiative to hold OEB hearings in the communities affected.

FY 2019/20 – Assess the effectiveness of the community meetings program, and continue and expand the initiative to hold OEB hearings in the communities affected.

Implementation Tools – community hearings and meetings, focus groups, consumer research, adjudicative proceedings, Consumer Panel, website, social media

Consumer Charter: Educate consumers about their rights and responsibilities as reflected in the new Consumer Charter.

FY 2017/18 – Include the Consumer Charter in the public affairs campaign outlined above and provide guidance to distributors and suppliers about implementation.

FY 2018/19 – Continue consumer education about the Consumer Charter and monitor implementation by distributors and suppliers.

FY 2019/20 – Assess the effectiveness of the Consumer Charter.

Implementation Tools – community meetings, consumer research, Consumer Panel, website, social media, licensee communications and reporting

Giving Effect to the OEB's *Consumers Come First* report on the *Energy Consumer Protection Act, 2010*: Implement outstanding initiatives, provide consumer education and monitor compliance with the new consumer protection measures.

FY 2017/18 - Complete energy retailer scorecards and price comparison website, develop new regulatory requirements to support online verification, provide consumer education about the new measures, and implement a program to monitor energy retailer compliance.

FY 2018/19 – Continue consumer education and implementation of the program to monitor energy retailer compliance.

FY 2019/20 – Evaluate effectiveness of the new consumer protection measures.

Implementation Tools – codes and rules, Consumer Panel, licensee communications and reporting, website, social media

Ontario Energy Support Program: Continue to manage and oversee the operation of the Ontario Energy Support Program designed to provide financial assistance to qualifying low-income electricity consumers.

FY 2017/18 - Continue to promote awareness of and expand access to the OESP and implement program enhancements as appropriate.

FY 2018/19 – Monitor the effectiveness of the OESP and implement program enhancements as appropriate.

FY 2019/20 – Evaluate the performance of the OESP and recommend changes as appropriate.

Implementation Tools – reports from service providers, consumer research, audits as appropriate, annual report to the Minister

Review of Customer Service Rules and Charges: Review the customer service rules and charges established in respect of electricity and natural gas distributors to ensure that they appropriately reflect the expectations and needs of energy consumers including matters such as equal payment plans, security deposits, bill issuance and payment, arrears management, disconnections, billing errors, customer account management, and collection and reconnection fees.

FY 2017/18 – Evaluate existing customer service rules and charges and develop modifications to such rules and charges as appropriate.

FY 2018/19 – Implement the modifications to the customer service rules and charges.

FY 2019/20 - Monitor the implementation of any new customer service rules and charges by the electricity and natural gas distributors.

Implementation Tools – reports from licensees and regulated entities, consumer research, Consumer Panel, research re "best practices", stakeholder consultation, code and rule amendments

Enhancing Utility Performance

As noted in "Strategic Directions" above, one of the OEB's primary objectives is to ensure that utilities are delivering cost effective, reliable and responsive services to consumers. Since 2012, the OEB's primary mechanism for promoting that objective is the Renewed Regulatory Framework.

The Renewed Regulatory Framework focuses on investment planning, cost effectiveness, continuous improvement, and operational excellence in meeting customer needs. The Framework holds utilities accountable for their performance through benchmarking, monitoring, reporting, and a new emphasis on effective corporate governance.

The OEB also recognizes that a trend towards larger scale utilities can yield efficiencies and cost savings for the benefit of consumers and equip the sector to meet the challenges of technological change discussed in the "Environmental Scan".

In this planning period, the OEB will continue with the initiatives identified in the last business plan.

Key Programs and Activities

Future of the sector: Assess the need for regulatory reforms which encourage optimal investment decisions and support the evolution of the sector (including any reforms that may be needed in the pricing of network services, infrastructure planning, incentives for distributors and transmitters, and other features of the Renewed Regulatory Framework).

FY 2017/18 – Develop a preliminary set of options and roadmap for any regulatory reforms needed to address the implications of technological innovation in the Ontario energy sector.

FY 2018/19 – Develop implementation plan for any regulatory reforms, including adjustments to the Renewed Regulatory Framework, as appropriate.

FY 2019/20 - Implement regulatory reforms, including adjustments to the Renewed Regulatory Framework, as appropriate.

Gas Supply Planning: Complete the review of natural gas supply planning and other matters arising from the Natural Gas Market Review.

FY 2017/18 – Develop guidance and filing requirements regarding natural gas supply planning by the gas distributors.

FY 2018/19 – Implement the new guidance and filing requirements.

FY 2019/20 – Continue implementation of new guidance and filing requirements.

Implementation Tools – stakeholder consultation, guidance to regulated entities, reporting and monitoring activities

Electricity Distributor Benchmarking: Support the OEB's determination of rates and assessment of utility performance by incorporating benchmarking at the program level into the OEB's benchmarking of electricity distributors.

FY 2017/18 – Complete the analysis required for the development of benchmarking at the program level.

FY 2018/19 – Complete development of a framework for program level benchmarking that can be used in the determination of rates.

FY 2019/20 - Implement benchmarking at the program level.

Implementation Tools – stakeholder consultation, licensee reporting and monitoring, research, guidance to licensees

Effective Corporate Governance: Continue the development and implementation of guidelines for good corporate governance that will enhance consumer and investor confidence in the utilities regulated by the OEB and that will assist the OEB in the exercise of its mandate.

FY 2017/18 – Complete the development of guidelines for good corporate governance in the utilities regulated by the OEB.

FY 2018/19 – Monitor the governance practices of utilities regulated by the OEB.

FY 2019/20 – Monitor the governance practices of utilities regulated by the OEB.

Implementation Tools – stakeholder consultations, licensee guidance and reporting, monitoring activities, auditing activities as appropriate

Enabling Access to Competitive Energy Choices

The "Environmental Scan" above highlights the far-reaching changes underway in the energy sector. The OEB recognizes the need to ensure that its own regulatory policies and processes address these changes in a manner that reflects the OEB's public interest and consumer protection mandates.

In this planning period, the OEB will continue with the initiatives identified in the last business plan regarding both distribution rates and the Regulated Price Plan (RPP). The work in respect of the RPP is guided by the 2015 *Regulated Price Plan Roadmap.* As indicated in that *Roadmap,* the design of RPP pricing is critical to a number of inter-

related objectives, including customer acceptance, customer choice and control, demand reduction, and the efficient use of and investment in electricity infrastructure.

in addition, the OEB will undertake any additional work that may arise under the Climate Change Action Plan and the new Long Term Energy Plan.

Key Programs and Activities

"Smarter" Electricity Delivery Rates: Continue the development and implementation of rate design options for non-residential electricity distribution rates and related charges that support the efficient use of electricity infrastructure and that enable greater customer choice and control.

FY 2017/18 – Develop new rate design for non-residential electricity rates and related charges.

FY 2018/19 – Implement new rate design for non-residential electricity rates and other charges.

FY 2019/20 – Continue implementation of new rate design for non-residential electricity rates and other charges.

Implementation Tools - stakeholder consultations, guidance to licensees, rate orders

Cyber-security: Continue the development and implementation of a framework for the oversight of customer data protection and network security in the distribution sector.

FY 2017/18 – Complete the development of the framework (including any new regulatory obligations and filing requirements) for the oversight of customer data protection and network security in the distribution sector.

FY 2018/19 – Monitor the implementation of the new framework within the distribution sector.

FY 2019/20 – Monitor the implementation of the new framework within the distribution sector.

Implementation Tools – Stakeholder consultations, guidance to licensees, reporting and monitoring, liaison with the IESO

"Smarter" Electricity Prices: Continue the development and implementation of a new methodology for the RPP that provides appropriate price signals to low-volume electricity consumers in accordance with the *Regulated Price Plan Roadmap*.

FY 2017/18 – Implement pilot projects with electricity distributors as selected and approved by the OEB.

FY 2018/19 – Assess the results of the pilot projects.

FY 2019/20 – Develop a new methodology for the RPP.

Implementation Tools – pilot projects, focus groups, research, stakeholder consultations, guidance to licensees, consumer communications

Gas Demand Side Management Framework Evaluation: Complete the evaluation of the performance of the current framework for DSM in the natural gas sector.

FY 2017/18 – Develop and initiate a plan for the mid-term review and evaluation of the current framework for DSM in the natural gas sector.

FY 2018/19 – Complete the review and evaluation of the current framework for DSM.

FY 2019/20 - Implement any modifications to the DSM framework as appropriate.

Implementation Tools – stakeholder consultations, research, guidance to regulated entities, consumer communications, rate orders

Climate Change Action Plan: Continue implementation of the framework governing the recovery of the costs incurred by natural gas distributors in meeting the requirements under the new cap-and-trade program and address any regulatory impacts arising from the implementation of "complementary measures" under the Climate Change Action Plan.

FY 2017/18 – Develop the regulatory tools necessary to support the framework governing the recovery of costs incurred by natural gas distributors in meeting the requirements under the new cap-and-trade program and address any regulatory implications of the "complementary measures" under the Climate Change Action Plan.

FY 2018/19 – Monitor and evaluate the compliance by gas distributors with the framework and continue to address any regulatory implications of the "complementary measures".

FY 2019/20 – Continue to monitor and evaluate the compliance by gas distributors with the framework, address any regulatory implications of the "complementary measures" and review regulatory measures necessary for the second compliance period.

Implementation Tools – stakeholder consultations, reporting and monitoring, guidance to regulated entities and licensees, rate orders

Long Term Energy Plan Implementation: Carry out the work required by any directive issued by the Minister to the OEB regarding the implementation of the new LTEP in respect of matters within the OEB's jurisdiction.

FY 2017/18 – Undertake the work that may be required by a directive to the OEB in respect of the implementation of the new LTEP.

FY 2018/19 – Undertake the work that may be required by a directive to the OEB in respect of the implementation of the new LTEP.

FY 2019/20 - Undertake the work that may be required by a directive to the OEB in respect of the implementation of the new LTEP.

Implementation Tools – liaison with government and other agencies as appropriate, stakeholder consultations, guidance to regulated entities and licensees as appropriate

Regulatory Effectiveness

As noted under "Strategic Directions", the OEB has adopted the principle of "continuous improvement" in its approach to regulating the energy sector. That philosophy extends to the OEB's own work in adjudication and regulatory policy development.

The OEB also recognizes its responsibility to address any directives issued by the Minister in a timely and effective manner and report to the Minister in a manner that will support any further deliberations or decisions by government.

In this planning period, the OEB will focus on improvements in its adjudicative processes, the ongoing evaluation of the OEB's regulatory policies, and the completion of the work required in connection with the Minister's request regarding the examination of issues relating to the pricing of retail transportation fuels.

Key Programs and Activities

Redesign of the OEB Website: Redesign the OEB public website to be more engaging and consumer focused and to enhance the energy literacy of consumers.

FY 2017/18 – Complete the implementation of the new website.

FY 2018/19 - Evaluate the effectiveness of the new website.

FY 2019/20 – Monitor and improve the new website as appropriate.

Implementation Tools – website, consumer research, focus groups, Consumer Panel

Adjudicative Process Improvements: Develop and implement measures to better ensure that the OEB's review of applications is proportionate and efficient.

FY 2017/18 – Develop new procedures designed to promote the proportionate and efficient review of applications.

FY 2018/19 – Implement new procedures to promote the proportionate and efficient review of applications.

FY 2019/20 – Continue the implementation of procedures to promote the proportionate and efficient review of applications.

Implementation Tools – stakeholder consultation, amendments to *Rules of Practice and Procedure*, guidance to regulated entities and licensees

Request Regarding Retail Transportation Fuels: Examine issues relating to the pricing of retail transportation fuels in Ontario and report to the Minister as requested.

FY 2017/18 – Complete the examination of issues relating to the pricing of retail fuels in Ontario and report to the Minister.

Implementation Tools – consultations with stakeholders and consumers, research, liaison with the federal Competition Bureau and other agencies as appropriate

RESOURCES NEEDED TO MEET GOALS AND OBJECTIVES

The OEB has the resources needed to undertake the programs and activities outlined above.

As outlined below in the discussion of the 2017-2020 budget, the budgeted headcount over the planning period is 178 full-time staff members and 13 Board Members. Staff members are organized into five divisions, each headed by a Vice President with clear accountabilities for delivery of the goals and objectives in the 2017-2020 Business Plan. The organization chart for the OEB is attached as Appendix A.

The 2017-2020 budget also includes provision for the periodic use of expert consultants to supplement the expertise and work of the OEB staff regarding particular projects. In one instance, namely the OESP, the OEB has retained a third party to oversee delivery of the program.

The successful completion of the programs and activities outlined in this business plan is also supported by the active involvement of stakeholders. Those stakeholders include consumer groups,industry representatives, environmental groups and other interested parties. The OEB has built and implemented an effective set of stakeholder and consultation processes. Through those processes, stakeholders contribute significantly to the OEB's programs and activities.

RISK ASSESSMENT AND MITIGATION – 2017 to 2020

The OEB has made a comprehensive assessment of corporate risk and continues to identify and implement appropriate controls to minimize risk. The OEB's formal risk assessment process has been developed with the assistance of MNP, a leading management consulting firm. It involves the following steps:

1. Confirming existing and identifying new or emerging risks having regard to key business objectives (as set out in the Programs and Activities above);
2. Assessing those risks and their implications;
3. Determining the appropriate approach to risk response and mitigation; and
4. Implementing appropriate risk mitigation measures and controls and monitoring both their effectiveness and the residual risk to the organization.

In conducting the risk assessment for the 2017-2020 period, the OEB evaluated risks in accordance with a color scale - green representing a low risk, yellow a slightly higher risk, orange a high risk, and red the highest risk to the organization. This scale reflects residual risk, that is, the risk that remains once controls and mitigation measures are in place and operational.

The risk categories, controls and mitigation measures, and residual risk are set out in the OEB Enterprise Risk Register attached as Appendix B. That Enterprise Risk Register has been reviewed by both the OEB Management Committee and the OEB Executive Team.

For the purposes of this assessment, risks were assessed with regard to the programs and activities set out earlier in the Business Plan. That assessment identified Government Policy and Oversight and Cyber-security as the two highest residual risks. The OEB's assessment is that these two risk categories present the greatest risk of adversely impacting the ability of the OEB to carry out the particular programs and activities set out in the Business Plan. That assessment reflects:

a) the significant and ongoing legislative and policy development activity in the energy sector, as outlined in the Environmental Scan, and

b) the recognition that the breadth of the OEB's programs and activities, including the OESP, is strongly dependent on the integrity of the information systems used by the OEB and third parties.

The OEB has implemented controls and mitigation measures to address these two areas of high residual risk. In the case of Government Policy and Oversight, those measures include regular meetings involving representatives of both the OEB and the Ministry of Energy and the ongoing assessment by OEB staff and Executive Team regarding the impact of Government policy development on the work of the OEB. In the case of Cyber-security, those measures include compliance with the government's IT security directives and the use of anti-virus, filing scanning, gateways and other appropriate security software.

INITIATIVES INVOLVING THIRD PARTIES

The OEB has engaged third parties to assist with the delivery of the Ontario Energy Support Program (OESP). Further details about the OESP and its delivery are set out below.

Background

The OESP was developed and implemented by the OEB to provide rate assistance to low income electricity customers. In order to deliver the OESP the OEB determined that a central service provider would be needed to manage the intake applications for assistance. Such applications involve sensitive information, such as household income and numbers.

ICF Canada

The OEB has contracted ICF Canada to carry out the delivery of the OESP. ICF provides the central IT system. That system enables consumers to apply for OESP through a web portal, connects with electricity distributors and the Ministry of Finance for application processing, and allows community agencies to file applications on behalf of OESP consumers. It also provides additional services such as record management services and consumer information services.

ICF also provides a call centre for consumers and agencies to be able to obtain information and assistance regarding OESP applications.

The contract for these services is for 5 years on a fixed price basis, with certain per application fees once planned numbers are exceeded.

ICF was selected through a competitive procurement process. ICF's contract with the OEB contains a range of SLAs (service level agreements) that set the standard for services. ICF reports monthly regarding performance in respect of the SLAs. If services do not meet the standards in the SLAs, payments to ICF are reduced accordingly.

The OEB reviews and monitors ICF's performance on an ongoing basis. All payments to ICF are subject to review and approval by project management and a member of the OEB Executive Team.

ICF is required to store all data be stored and make that data available for audit as required.

Community Agencies

The OEB has also entered into agreements with 120 community agencies to assist with the delivery of the OESP. The involvement of such community agencies helps ensure that the OESP reaches the broadest population of low income households.

The community agencies are compensated based on the number and type of OESP applications they process within a month. All amounts paid to agencies are reconciled against the application data that ICF has received from the agencies. The total amounts are then reviewed by the OEB project team and approved by a member of the Executive Team before payments are authorized. Audit trails for all payments to agencies are maintained in the ICF database in accordance with the standards stipulated in the ICF contract.

PERFORMANCE MEASURES

The OEB is committed to the principles of continuous improvement in its approach to regulation. In that regard, the OEB has established a set of metrics that govern its engagement with consumers and regulated entities. These metrics are reviewed and adjusted on a periodic basis with a view to "raising the bar" for the OEB's own performance. For instance, in 2014, the OEB increased the target metrics in respect of both telephone and correspondence response times and established a range of new customer service metrics. The OEB is meeting or exceeding these increased and new metrics. The OEB's current metrics are summarized in the table below.

OEB ACTIVITY	OBJECTIVE	METRIC (%)
Consumer calls	Answer incoming calls within 20 seconds	90
Consumer correspondence	Respond to general correspondence within 10 business days	85
Consumer voicemail messages	Respond to voicemail received by 12:30pm within the same day	80
Consumer voicemail messages	Respond to voicemail received after 12:30 pm by the next business day before 12:30 pm	80
Consumer satisfaction	Overall satisfaction survey score	80
Consumer complaint letters	Mail complaint follow-up letters to consumer within 2 business days	80
Consumer complaint letters	Mail a follow-up letter to consumers after receiving a response from the licensee within 2 business days	80
Consumer enquiry letters	Mail enquiry response letters within 2 days	80
Industry Relations enquiries	Respond to Industry Relations enquiries within 10 days	90
Regulatory applications	Issue final decisions in accordance with metrics established by Management Committee	80

Budget Summary

The 2017-20 budget reflects increases in expenditures that are necessary to achieve the OEB's strategic priorities as outlined in this Business Plan, including the programs designed to educate and engage more actively with energy consumers. Those programs will entail increased costs regarding community information sessions and community hearings and increased advertising expenditures regarding the OESP, the new rules governing retail markets and other consumer-focused initiatives.

Anticipated annual increases in employee compensation and lease inflation factors also contribute to the budgetary increases over the three-year planning period.

For the 2017-18 financial year, the OEB is proposing to offset increased expenditures by using the OEB's operating reserve balance to fund the proposed $2.2 million renovation of office space and of hearing and public meeting rooms. This renovation project is designed to accommodate our expanded Public Affairs function and to provide better access to our facilities for consumers and stakeholders. This would be the first major renovation since 2004. More information about the operating reserve is set out under *Key Assumptions* below.

"Section 30 costs" are excluded from the 2017-20 budget set out below. "Section 30 costs" are costs incurred in relation to specific proceedings and consultation processes. They are recovered from regulated entities through the cost award decisions made by the OEB in respect of those proceedings and processes. The "section 30" budget is $8.0 million for the 2017-18 financial year, $6.9 million for the 2018-19 financial year, and $5.5M for the 2019-20 financial year.

The "section 30" budget for 2017-2018 reflects the implementation of new consumer engagement activities, such as meetings and hearings conducted in local communities rather than the OEB's offices.

Some proceedings and consultation processes span several financial years. The OEB funds such proceedings and consultations through its operating reserve until the costs are finally recovered from regulated entities under section 30.

Key Assumptions

As a self-financing entity, the OEB has established an operating reserve. That reserve is adjusted each year. The primary purpose of this reserve is to fund the OEB's operations in the event of revenue shortfalls and/or unanticipated expenditures. It is also used for cash flow management and to support working capital requirements. The operating reserve can be up to 20 per cent of the OEB's current annual funding requirement. During the 2017-20 planning period, the operating reserve will range

between13 per cent to 14 per cent. As noted above, the OEB intends to use part of the operating reserve to fund $2.2 million of renovations in the 2017-18 financial year.

Revenue from administrative penalties, assessed against individual market participants under s.112.5 of the *Ontario Energy Board Act, 1998*, cannot be used to reduce the costs assessed under the OEB's *Cost Assessment Model*. These funds are internally restricted to support only those activities relating to consumer education, outreach and other activities in the public interest.

An interest rate of 0.9 per cent has been assumed for the operating reserve and the accumulated balance in the administrative penalty fund.

2017-20 OEB Budget
(Sections 26 and 12.1 only)

Units in thousand dollars	2017-18	2018-19	2019-20
Revenues:			
General cost recovery	40,385	41,050	41,950
Licence fees	373	373	373
Interest income	111	111	111
Miscellaneous income	5	5	5
Amortization of deferred revenue related to capital assets	1,106	2,571	2,804
Total Revenues	**41,980**	**44,110**	**45,243**
Expenses:			
Salaries and benefits	30,017	30,869	31,695
Consulting and professional	3,744	3,241	3,156
Meetings, training and travel	1,169	1,168	1,159
Consumer outreach	1,421	1,676	1,676
Premises	3,094	3,122	3,256
Information technology	990	1,020	1,049
Office and administration	439	443	448
Amortization of capital assets paid by OEB	1,106	2,571	2,804
Total Expenses	**41,980**	**44,110**	**45,243**
Capital Expenditures:			
Leasehold improvements	1,860	50	50
Office furniture and equipment	300	50	50
Computer equipment and related software	1,550	1,150	1,050
Audio visual equipment	150	100	100
Total Capital Expenditures	**3,860**	**1,350**	**1,250**
Total Assessment before Adjustments	**44,245**	**42,400**	**43,200**
Operating Reserve Adjustment	**(2,245)**	**0**	**0**
Total Assessment	**42,000**	**42,400**	**43,200**

2016-2017 Forecast Summary

The 2016-2017 forecast as of mid-December 2016 shows an underspend of $1.6 million, reflecting a slower than expected recruitment process for new positions, unanticipated retirements and the deferral of renovations to 2017-2018.

2016-17 Forecast - (Sections 26 and 12.1 only)

Units in thousand dollars	Forecast	Budget	Variance	
Revenues:			$	%
General cost recovery	36,702	38,013	(1,311)	(3%)
Licence fees	393	373	20	5%
Interest income	132	111	21	19%
Miscellaneous income	5	5	0	0%
Amortization of deferred revenue related to capital assets	781	941	(160)	(17%)
Total Revenues	**38,013**	**39,443**	**(1,430)**	**(4%)**
Expenses:				
Salaries and benefits	27,986	29,445	(1,459)	(5%)
Consulting and professional	3,646	3,274	372	11%
Meetings, training and travel	714	971	(257)	(26%)
Consumer outreach	650	453	197	43%
Premises	2,940	3,047	(107)	(4%)
Information technology	897	856	41	5%
Office and administration	399	456	(57)	(13%)
Amortization of capital assets paid by OEB	781	941	(160)	(17%)
Total Expenses	**38,013**	**39,443**	**(1,430)**	**(4%)**
Capital Expenditures:				
Leasehold improvements	50	150	(100)	(67%)
Office furniture and equipment	50	200	(150)	(75%)
Computer equipment and related software	1,559	1,637	(78)	(5%)
Total Capital Expenditures	**1,659**	**1,987**	**(328)**	**(17%)**
Total Assessment before Adjustments	**38,361**	**40,000**	**(1,639)**	**(4%)**
Operating Reserve Adjustment	**1,129**	**0**	**1,129**	**100%**
Total Assessment	**39,490**	**40,000**	**(510)**	**(1%)**

2015-2016 Financial Summary

The 2015-16 financial results balance to budget as a result of the allocation of $1.9M of underspending to the operating reserve. Most of that underspending reflected the deferral of renovation costs and consumer-related expenditures until pending the establishment of the new Public Affairs Division.

2015-16 Financial Results (Sections 26 and 12.1 only)

Units in thousand dollars	Actual	Budget	Variance	
Revenues:			$	%
General cost recovery	33,578	34,472	(894)	(3%)
Licence fees	390	367	23	6%
Interest income	137	130	7	5%
Miscellaneous income	2	10	(8)	(80%)
Amortization of deferred revenue related to capital assets	795	864	(69)	(8%)
Total Revenues	**34,902**	**35,843**	**(941)**	**(3%)**
Expenses:				
Salaries and benefits	26,344	26,791	(447)	(2%)
Consulting and professional	2,646	2,518	128	5%
Meetings, training and travel	591	621	(30)	(5%)
Publications, media and advertising	415	884	(469)	(53%)
Premises	2,743	2,935	(192)	(7%)
Information technology	968	837	131	16%
Office, administration and other	400	393	7	2%
Amortization	795	864	(69)	(8%)
Total Expenses	**34,902**	**35,843**	**(941)**	**(3%)**
Capital Expenditures:				
Leasehold improvements	0	262	(262)	(100%)
Office furniture and equipment	0	213	(213)	(100%)
Computer equipment and related software	691	827	(136)	(16%)
Total Capital Expenditures	**691**	**1,302**	**(611)**	**(47%)**
Total Assessment before Adjustments	**34,269**	**35,774**	**(1,505)**	**(4%)**
Operating Reserve Adjustment	**1,851**	**346**	**1,505**	**435%**
Total Assessment	**36,120**	**36,120**	**0**	**0%**

Human Resources Assumptions

Staff headcount over the planning period is budgeted at 178 full-time positions.

The OEB has also budgeted for 13 Board Members.

Seventy-five percent of staff positions are unionized. The current four-year Collective Agreement with the Society of Energy Professional expires on March 31, 2019. The salaries and benefits for bargaining unit employees are based on the terms of the collective agreement.

For non-represented staff, the OEB's compensation philosophy is targeted to the 50th percentile of our market comparator group which is made up of public sector and, more specifically, comparators from the energy sector and other regulators. Benefits for non-represented employees are based on a traditional benefit plan that mirrors the bargaining unit and reflects corporate policies.

The OEB participates in the Ontario Public Service Pension Plan with matching employee and employer contributions.

Incentive pay for eligible bargaining unit and non-represented staff, including full-time appointees, has been budgeted in accordance with the collective agreement and approved Incentive Plans.

Strategic human resource priorities include a focus on a recruitment philosophy to leverage emerging social media trends and increased visibility of the organization to potential candidates. Knowledge transfer and recruitment strategies are important to maintaining organizational capacity due to the aging demographics of our workforce and requirements for new emerging skills sets to the organization.

Staff development continues to be a priority to ensure the OEB can promote internal staff, where appropriate, to take on new responsibilities. With a greater focus on stakeholder engagement and an evolving adjudicative framework, new and different skills sets will be required.

Employee communication is a key driver of organizational performance and behaviour. A comprehensive HR communication plan will be developed that establishes a strategy for sending messages, making announcements and publishing information to employees.

Information and Information Technology (I & IT) Assumptions

The OEB has developed a rolling three year I&IT Plan for the 2017-2020 planning period. That I&IT Plan aligns with and supports the Strategic Directions and programs and activities outlined above.

The I&IT Plan incorporates appropriate flexibility to allow for: a) the changing needs of the OEB over the planning period, and b) the continuing rapid pace of change and evolution in IT. This change and evolution is reflected in core areas such as office applications, infrastructure and IT security, as well as in emerging areas such as social media, web and mobility applications.

The I&IT Plan builds on past investments in infrastructure. Those investments enable the OEB to upgrade existing business applications and further harvest value from existing infrastructure to support the achievement of the OEB's Business Plan objectives.

COMMUNICATIONS PLAN

Background

The OEB's 2017-2020 Business Plan focuses on empowering consumers, enabling access to competitive energy choices, advancing utility performance expectations and improving the effectiveness of the OEB. In particular, the Business Plan highlights the OEB's commitment to:

- Regulating the sector in a manner that focuses on outcomes that are valued by consumers: cost, transparency, fairness, and reliability.
- Deepening its understanding of consumer perspectives through a robust consumer engagement framework.
- Enhancing energy literacy and the tools consumers need to make informed energy choices.
- Continued efforts to protect consumers, in particular those who are vulnerable and who are underserved.
- Removing regulatory barriers to innovation and expanding consumer access to new technologies.
- Raising the performance expectations of utilities.
- Delivering on its policy mandate in areas such as *Conservation First* and the new Climate Change Action Plan.

Target Audiences

Communication of the 2017-2020 Business Plan will be directed toward both internal and external audiences.

Internal audiences include Board Members and OEB employees.

External audiences include consumers (residential, commercial, institutional, and industrial), the entities that the OEB regulates or licenses, other public agencies in the energy sector, industry associations, consumer advocates and social service agencies, local communities, opinion leaders and the media, and the Minister of Energy and Ministry staff.

Key Themes

Several key themes will underlie the OEB's communications. Those themes are:

1. The OEB is Ontario's energy consumer protection agency connecting consumers to the right information and tools at the right time and in the right way.
2. The OEB aligns consumer and utility needs and expectations with the public interest to the benefit of all Ontarians – ensuring a reliable, sustainable and affordable energy sector now and for the future.
3. The OEB delivers value to consumers and the sector by ensuring an integrated and consumer-centric approach to applications and hearings.

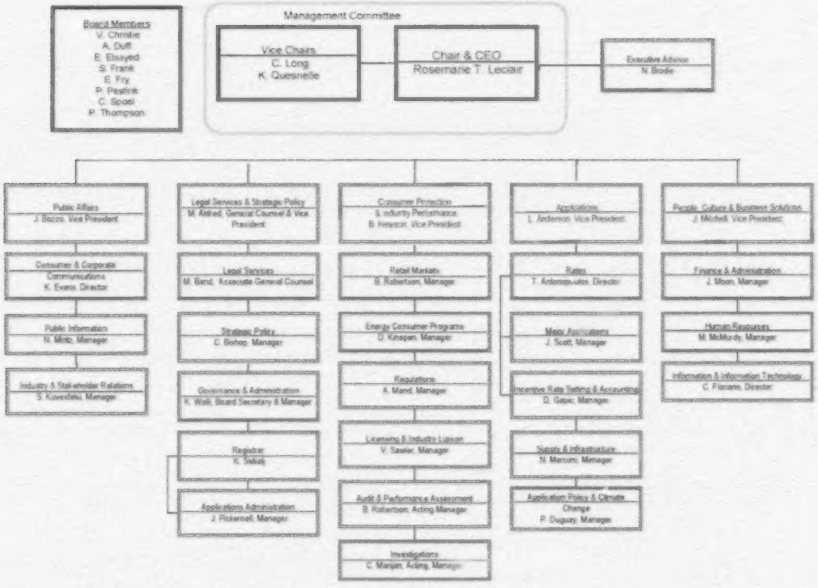
Proposed Activities

The OEB is proposing to undertake a range of communications activities during 2017/2018, including:

- Launch of a more engaging and consumer-focused website.
- An integrated campaign (including paid and earned media, social media, community events and consultations) to educate consumers regarding the mandate and work of the OEB and about their rights and choices as consumers.
- Targeted campaigns about particular initiatives such as the Customer Charter, the OESP and the new *ECPA* rules.
- Expansion of the OEB's program of public outreach.
- Co-ordination of consumer-focused communications with third parties, including social service agencies, consumer advocates, professional associations, governments, and local representatives.
- Baseline measurement of consumer "energy literacy".

APPENDIX – A OEB ORGANIZATIONAL CHART

Ontario Energy Board



APPENDIX B – OEB ENTERPRISE RISK REGISTER

#	Risk Name	Inherent Risk	Risk Category	Risk Sub-Category	Nature of Risk	Mitigating Controls (OEB to supplement and confirm listing below)	Likelihood	Impact	Score
1	**Government Policy & Oversight**	Volume and complexity of new programs and initiatives from government may limit the OEB's organizational capacity to respond to changes in a timely manner, impacting the OEB's ability to effectively execute their regulatory role.	Regulatory	People	Capacity	- Weekly and Monthly discussions with Ministry of Energy staff and Minister's office. - Executive Policy Committee - bi-weekly updates to the Chair and Vice Chairs on progress against policy development plan and oversight of matters of strategic significance to the OEB. - Periodic Enterprise Risk Assessment and Risk Register Refresh. - Annual Three Year Business Plan Refresh. - Monthly Executive Team meetings. - Quarterly Management Committee meetings. - Monthly Board Member meetings. - Monthly Adjudicative Committee meetings.	4	5	20
2	**Legislative Changes affecting Administration**	Changes in federal or provincial legislation, regulations, standards, codes or directives may not be appropriately accommodated within the OEB's operations leading to non-compliance by the OEB.	Operational	Process	Capacity	- Integrity Commissioner Quarterly Reporting. - Ministry of Energy Annual Reporting. - OEB Quarterly Compliance Reporting. - Annual Finance Audit (scope includes expense claims).	4	4	16
3	**Industry Evolution**	An evolving energy industry and emerging technologies requires creation of new, or changes to existing OEB programs, policies, and procedures.	Strategic	Process / Technology	Capability	- Executive Policy Committee - bi-weekly updates to the Chair and Vice Chairs on monitoring progress against policy development plan and oversight of matters of overarching strategic significance to OEB. - Periodic Policy Assessment Review (Natural Gas Market Reviews conducted every 3 years with annual updates). - Consultation Papers. - Chairs Advisory Roundtable. - Steering Committee for industry liaison. - Stakeholder, Sectorial and Government Meetings (statutory codes/ rules compliance regarding Stakeholder Engagement). - Industry Affairs Standing Committee. - Annual Three Year Business Plan Refresh.	3	3	9

#	Risk Name	Inherent Risk	Risk Category	Risk Sub-Category	Nature of Risk	Mitigating Controls (OEB to supplement and confirm listing below)	Likelihood	Impact	Score
4	**Cyber-security**	Highly sophisticated cyber security attack could lead to disclosure or loss of sensitive or confidential data, or shut down of critical OEB Information Management Systems.	Operational	Technology	Capability	- Ontario Provincial Services IT Security Directives (applied internally). - McAfee anti-virus has been installed on all servers and workstations within the OEB corporate environment. - Anti-virus definition updates have been configured to be automatically checked and updated from the McAfee servers on the internet. - On-access file scanning has also been configured to ensure all files are scanned for potential malware prior to use. - IT provides training to business units regarding the IT Security Directive requirements. Training includes educational videos and instruction on how the directive should be interpreted. - Management conducts training at least annually. All new employees must take Cyber Security training as part of their On-Boarding. Also ad hoc training and alerts occur depending on the need and based on ongoing threats. Management interprets the OPS directives and Policies and develops training material as necessary. - Email gateway filtering is in place to protect from malicious email. - Internet Gateway is in place to protect from Malicious Internet traffic. - Active Directory Group policies in place to specifically counter a Ransomware attack.	4	5	20

#	Risk Name	Inherent Risk	Risk Category	Risk Sub-Category	Nature of Risk	Mitigating Controls (OEB to supplement and confirm listing below)	Likeli-hood	Impact	Score
5	**Information Management**	Aspects of record management processes (physical and logical) that are not sufficiently scalable may not ensure the accuracy, integrity, confidentiality, reliability, and accessibility of data (unauthorized use or access, accidental disclosure, modification, or loss of data) with the increasing number of records.	Operational	Process	Capacity	- Electronic Records are backed up on a nightly basis. - Disaster Recovery Plan includes replication of data and critical Infrastructure at a secondary location in case of an issue at our Primary Data Centre location. - OEB Primary Records systems are Pivotal and Trim which are off the Shelf Software Programs that enable appropriate Security to ensure Confidentiality of data and avoid unauthorized use. - OEB Network runs on Microsoft Active Directory. - All OEB users must have authorized credentials to access OEB Data. - OEB Records Management Policy .	2	3	6
6	**Technology**	Infrastructure may not be sufficient to adapt to changes in technology requirements or be able to accommodate implementation of new projects and programs.	Operational	Technology	Capacity	- On an annual basis IT updates the IT 3 year plan. This plan is aligned with the OEB Business Plan to ensure IT's ability to accommodate new OEB Initiatives. - The IT Plan uses a Risk based and Asset Management approach to ensure Assets are kept up to date and can keep pace with the changing nature of technology.	2	3	6
7	**Vendor Management**	Vendors may not comply with Service Level Agreements ("SLA"), meet performance standards, or protect sensitive or confidential information; creating challenges in attracting qualified resources in an expeditious manner, that are not conflicted.	Operational	Process	Capacity	- OEB Agreement - 15.0 Inspection and Warranty Clause. - OEB Agreement - 17.0 Termination Clause. - Purchase Order sign off requirement (T&C's). - Consultants on and off boarding process. - Escalation clause development.	1	3	3

#	Risk Name	Inherent Risk	Risk Category	Risk Sub-Category	Nature of Risk	Mitigating Controls (OEB to supplement and confirm listing below)	Likelihood	Impact	Score
8	**Market Participants' Compliance**	Market participants' non-compliance with regulation, legislation, or OEB decisions could go undetected or be inadequately addressed.	Operational	Process	Capacity	- Consumer Relations Centre Policies. - Complaints Management Process. - Compliance Review Committee. - Risk-based Compliance Assessment Framework. - Quarterly OEB Compliance Reporting. - Compliance & Enforcement undergoes many levels of scrutiny. - Retailer & Marketers Code of Conduct. - Sector and Industry Audit program.	2	4	8
9	**Succession**	Loss of key staff, a limited pool of qualified candidates to recruit from, and changes in requirements as the industry evolves could result in the OEB not having sufficient employees with adequate skills, expertise or capabilities.	Operational	People	Capability	- Employee Engagement Surveys & Improvement Plans. - HR Policies - confidential Exit Interviews; Annual L&D Plans; Internal Promotion Priority; Competitive/Attractive Compensation & Benefit plans; Annual - Performance Appraisals (for internal vacancy selection); Management/Staff Competency Models; Behaviour Assessments; Job Descriptions. - Quarterly Measurement of Turnover Rates.	2	3	6
10	**Organizational Capability / Capacity**	Staffing capabilities (skills / competencies) and capacity could be insufficient to implement new programs and initiatives.	Operational	People / Process	Capability / Capacity	- Knowledge Management (Transfer) Program. - Workforce Plan Review (supply/demand and gap analysis). - Operational Planning (By Business Unit). - Regular use of consultants to augment workforce. - Succession Plan. - Annual Individual Learning & Development Plans. - Annual Three Year Business Plan Refresh.	3	4	12

#	Risk Name	Inherent Risk	Risk Category	Risk Sub-Category	Nature of Risk	Mitigating Controls (OEB to supplement and confirm listing below)	Likelihood	Impact	Score
11	**External Communication**	The quality or sufficiency of information communicated to consumers and market participants could result in consumers not being adequately or appropriately informed, impacting their ability to effectively understand energy matters.	Reputation	Process	Capacity	- Consumer Panel. - Consumer Engagement Framework including Community Meetings and enhanced approaches for customer input to the adjudicative process . - Public Affairs function. - Strategic Communications Plan. - Media Management Program. - OEB Outreach and Education Programs. - Consumer Relations Centre Complaints Management Process. - Website redesign.	5	3	15
12	**Business Continuity**	Natural disaster or unexpected event causes an interruption to OEB operations.	Operational	Process	Capability	- Emergency Response Plan. - IT Disaster Recovery Plan. - Annual simulation testing of the plan(s). - Annual review of acceptable rate of recovery of OEB operations.	1	5	5
13	**Financial Management**	Financial budget may not be aligned to the strategic plan, resulting in inappropriate spending and/or inability to effectively allocate resources to deliver on OEB's mandate.	Financial	Process	Capacity	- Monthly Cash Flow Projections. - Cost Assessment Model Review. - Annual Financial Budget Process. - Monthly Financial Reporting Management. - Quarterly Management Committee reviews of financial results and forecasts. - Annual Strategic Business Plan Process.	2	2	4
14	**Financial Reporting**	Given the increasingly heightened expectations and requirements for financial transparency and reporting, there is added complexity to ensuring internal controls over financial reporting are adequately designed or operating effectively to provide reasonable assurance that the financial reporting is	Financial	Process	Capability	- Documented policies and procedures. - Documented processes. - Active management oversight including Management Committee. - Annual External Audit. - Monthly Finance Report to Management - Internal Audits.	2	2	4
15	**Risk Management**	Processes to effectively and efficiently identify, assess, manage and govern risk may not adapt quickly enough to respond to evolving industry and public policy, resulting in the inability to achieve strategic and operational objectives.	Operational	Process	Capability	- Periodic Enterprise Risk Assessment and Risk Register Refresh. - Annual Business Plan Audit. - Annual Internal Audit Plan. - Documented policies, processes and procedures.	2	4	8

Likelihood - the probability of the risk occurring, after considering mitigating controls.	
1	There is very little chance of the risk occurring.
2	There is little chance of the risk occurring.
3	There is a moderate chance of the risk occurring.
4	There is a high chance of the risk occurring.
5	There is very high chance of the risk occurring.

Impact - the extent to which this risk could adversely affect the OEB's ability to satisfy their mandate.	
1	Occurrence of the risk will not have a material impact on the OEB's ability to satisfy their mandate.
2	Occurrence of the risk may have some impact on the OEB's ability to satisfy their mandate.
3	Occurrence of the risk may impact the OEB's ability to satisfy their mandate.
4	Occurrence of the risk will impact the OEB's ability to satisfy their mandate.
5	Occurrence of the risk will inhibit the OEB from satisfying their mandate.

Score - the product of likelihood and impact.	
1 - 4	This risk poses little to no chance of impacting the OEB's ability to satisfy their mandate.
5 - 10	This risk poses a small chance of impacting the OEB's ability to satisfy their mandate.
11 -18	This risk poses a moderate chance of impacting the OEB's ability to satisfy their mandate.
19 -25	This risk poses a high chance of impacting the OEB's ability to satisfy their mandate.